

**New Hampshire Racing & Charitable Gaming Commission  
Commission Meeting  
Concord Office  
November 16, 2010  
10-12**

Present: Timothy J. Connors, Chairman  
Warren W. Leary, Secretary  
Michael J. Gatsas, Member  
Lynn M. Presby, Member  
Bernard A. Streeter, Member  
Anthony B. Urban, Member  
Paul M. Kelley, Director  
Sudhir K. Naik, Deputy Director  
Charles Saia, Legal Coordinator  
Steve Johnston, Supervisor Gaming Operations  
Billie Jean Arseneault, Gaming/Licensing Supervisor  
William Dewhurst, Sr. Auditor  
Linda Glaser, Auditor  
Linda Darrow, Administrative Secretary

In Attendance: Daniel Mullen, Dan Callaghan, Susan Geiger, Averill Cate, Jan DiMarzio, Becky Mignogna, George Roberts, Nick Bernardi, Michael McLaughlin, Dick Bouley, Jeff Bigelow, Bob Gittins, Patrick Foley, Pam Brennen, Kristine Kuliga and others.

The Chairman called the meeting to order at 11:03 a.m. Chairman Connors opened the public hearing on Pari 1210.01(e)(3) and (e)(4); Pari 1210.01(f) through (j) – regarding operations of Games of Chance. The Chairman asked if there were any comments in favor of the proposal. None were forthcoming. The Chairman then asked if there were any comments opposed to the proposal. None were forthcoming. Chairman Connors closed the public hearing at 11:04 a.m.

**Peterborough Rotary Hearing**

The Chairman opened the appeal hearing for Peterborough Rotary relative to a Games of Chance license issue at 11:04 a.m. The Chairman swore in those who were to testify:

Mr. Patrick Foley-President of the Peterborough Rotary  
Ms. Pam Brenner-Treasurer of the Peterborough Rotary  
Mr. Paul Kelley-Director of Racing & Charitable Gaming  
Mr. Charles Saia-Legal Coordinator of Racing & Charitable Gaming

After testimony was given, the Chairman asked if anyone else had any testimony or evidence to offer. There were none. The Chairman closed the hearing at 11:09 a.m.

At 1:15 p.m., on a motion by Commissioner Leary seconded by Commissioner Urban and based on all evidence received and all testimony heard, unanimously voted for the following:

**Decision & Order**  
**Appeal of Peterborough Rotary Charitable Fund**  
**Games of Chance License Denial for Charitable Organization**

On November 16, 2010, the Racing and Charitable Gaming Commission (RCGC) convened an appeal hearing regarding the denial of Peterborough Rotary Charitable Fund's application for a games of chance license.

At the appeal hearing, representatives of the Peterborough Rotary Charitable Fund were sworn in, allowed to review any evidence that was presented, allowed to ask questions and advised that they could be represented by counsel.

The RCGC rendered its decision on November 16, 2010.

The Decision and Order of the Commission is as follows:

The Commission orders that the denial of Peterborough Rotary Charitable Fund's application for a Charitable Organization Games of Chance License be reversed.

The Games of Chance license shall issue forthwith to Peterborough Rotary Charitable Fund, subject to all agency requirements having been fully complied with.

So Ordered.

**Kristine Kuliga Hearing**

The Chairman opened the appeal hearing for Kristine Kuliga (Miss Hooksett Scholarship Program) relative to a Games of Chance license issue at 11:10 a.m. The Chairman swore in those who were to testify:

Ms. Kristine Kuliga-Director for the Miss Hooksett Scholarship Program

Previously sworn in:

Mr. Paul Kelley-Director of Racing & Charitable Gaming

Mr. Charles Saia-Legal Coordinator of Racing & Charitable Gaming

After testimony was given, the Chairman asked if anyone else had any testimony or evidence to offer. There were none. The Chairman closed the hearing at 11:12 a.m.

At 1:15 p.m., on a motion by Commissioner Presby, seconded by Commissioner Urban and based on all evidence received and all testimony heard, unanimously voted for the following:

**Decision & Order**  
**Appeal of Charitable Organization Member's**  
**Games of Chance License Denial**

**Findings of Fact**

1. Ms. Kristine Kuliga (Kuliga) is a bona fide member and president of Miss Hooksett Scholarship Program, Inc., (Miss Hooksett) a charitable organization desiring to conduct games of chance in the state of New Hampshire.
2. On September 20, 2010, the Racing & Charitable Gaming Commission (RCGC) received an Initial Application for a Games of Chance License (Application) from Miss Hooksett to conduct games of chance beginning in December, 2010.

3. The Application from Miss Hooksett listed Kuliga as a charitable member who would be participating in the games of chance.
4. On October 1, 2010, the RCGC received a Criminal History Record for Kuliga from the NH Department of Safety, Division of State Police.
5. Kuliga's Criminal History Record indicated that Kuliga had received a conviction for a Class A Misdemeanor in November, 2002.
6. By letter dated October 11, 2010, the RCGC notified Kuliga that her application had been denied based on the Criminal History Record received by the RCGC from the NH Division of State Police. The RCGC enclosed an Appeal Form with the letter to Kuliga.
7. The RCGC received an appeal form from Kuliga on October 26, 2010.
8. By letter dated October 27, 2010, the RCGC notified Kuliga that an appeal hearing would be held on Tuesday, November 16, 2010, at 11:00 AM, regarding the denial of the Games of Chance license application.
9. On November 16, 2010 the RCGC convened an appeal hearing regarding the denial of Kuliga's application for a games of chance license.
10. Kuliga provided testimony at the hearing stating that she rested on all prior documents which she had submitted to the RCGC in support of the appeal hearing.

### **Conclusions of Law**

1. Pursuant to RSA 287-D:2-a, V (c) The applicant shall certify under oath that "...neither the applicant nor any person who will be participating in the operation of the games of chance has, in any jurisdiction, been convicted of a felony or class A misdemeanor within the previous 10 years which has not been annulled by a court, or a class B misdemeanor within the previous 5 years which has not been annulled by a court, or has violated any statutes or rules governing charitable gambling."
2. Pursuant to RSA 287-D:2-b VI, "...no person who has in any jurisdiction, been convicted of a felony or class A misdemeanor within the previous 10 years which has not been annulled by a court, or a class B misdemeanor within the past 5 years which has not been annulled by a court, or who has violated any of the statutes or rules governing charitable gambling in the past shall operate a game of chance licensed under this chapter, ...".
3. Pursuant to RSA 287-D:8, II, the Commission has the authority to determine eligibility and fitness for licensure.
4. The Commission determined Kuliga's eligibility and fitness for licensure.
5. Based on testimony given and information received, the RCGC concludes, pursuant to RSA 287-D:8, II, that Ms. Kristine Kuliga is fit to be associated with games of chance, and therefore she is eligible for licensure as a member of a charitable organization and she is fit to be associated with games of chance.

### **Order**

The Racing & Charitable Gaming Commission orders that the denial of Ms. Kristine Kuliga's Application for a Game of Chance License, as a charitable member, is **REVERSED**.

On a motion by Commissioner Streeter, seconded by Commissioner Presby and unanimously voted to amend the September 24, 2010 minutes on page 2, second paragraph under Action Items, the sentence "It was pointed out the Commission has 45 days from the date of this meeting to approve or disapprove the machine" by eliminating the words "the machine" and adding "manufacturer's license", and place them on file.

On a motion by Commissioner Urban, seconded by Commissioner Streeter and unanimously voted to accept and place on file the racing & charitable gaming statistics for the

fiscal period ending November 4, 2010. Attorney Dan Callaghan will contact Seabrook to determine if they are soliciting clientele from the now closed Wonderland Track as their financial statistics have improved over the last fiscal period.

The Games of Chance warning letters/late financials spreadsheets were reviewed. Deputy Director Naik stated all responses have been received on the warning letters and that all late financials were in except for four, which are due tomorrow. On a motion by Commissioner Leary, seconded by Commissioner Urban and unanimously voted to accept and place on file.

The Games of Chance State Revenue spreadsheets were reviewed. On a motion by Commissioner Urban, seconded by Commissioner Streeter and unanimously voted to accept and place the spreadsheets on file.

#### New Games Submission

Mr. Bob Gittins and Mr. Jeff Bigelow of Arrow International provided demonstrations of two Lucky 7 dispensing machines:

- *Nevada Gold* – an updated version of the machine currently in use in NH (approved by Lottery Commission 3/18/99). Three new features were demonstrated: 1) LCD video/audio message board; 2) added window to better view remaining tickets to be played; and 3) extended column size to hold 1100 tickets each. Discussion ensued. On a motion by Commissioner Gatsas, seconded by Commissioner Leary and unanimously voted to approve the upgrades except for the LCD video/audio message board which will be addressed in the rule-making process.
- *Gold Crown* - a demonstration was provided. Discussion ensued. Director Kelley suggested a round-table be held with the industry to help with rules promulgation. Deputy Director Naik asked that the agency be provided with a list of the accounting data capabilities of the machine.

Discussion followed on “netting” of losses for Games of Chance. On a motion by Commissioner Presby, seconded by Commissioner Urban and unanimously voted to follow staff recommendations:

- ❖ Game Operators will be allowed to offset net losses from house backed games on any game date against net income from such games on other game dates within the (10) day licensing period.
- ❖ Game Operators shall not offset a net loss from house backed games on any game date against raked or tournament games.
- ❖ If after combining all the income and losses from house backed games for the (10) day license period, the result is a net loss, the operator will bear the full loss and shall not offset such losses against raked or tournament games.

Discussion followed on the approval status of the Lucky 7 dispensing devices demonstrated thus far to the Commission. Commissioner Gatsas made a motion to approve the devices if the manufacturers first submitted a certificate of compliance from Gaming Lab Int’l, LLC or its equal (chosen by staff) and an SAS 70 Type II report. The motion was not seconded. Commissioner Presby made a motion to have staff initiate the rule-making process in consultation with the manufacturers in order to develop the process. The motion was not seconded. Further discussion ensued. On a motion by Commissioner Gatsas, seconded by Commissioner Urban and unanimously voted to reaffirm their approval in concept of the dispensing devices; request all manufacturers to submit a certificate of compliance from Gaming Lab Int’l LLC or its equal

(chosen by staff) and an SAS 70 Type II report; and concurrently have staff work with the industry to promulgate rules.

Legal Coordinator Saia requested the Commission set a public hearing date for the initial proposal for Pari 1212.02, rules regarding the submission, review and requirement of financial statements for Games of Chance licensees. The date of the next Commission meeting, to include the public hearing, is set for Friday, December 17<sup>th</sup> at 10:00 a.m. in Concord.

At 12:20 p.m., a recess was called. At 12:25 p.m., Chairman Connors called the meeting to order.

Legal Coordinator Saia, referring to the November 16, 2010 affidavit submitted with the agenda packet, requested to amend the previously approved minutes of August 24, 2010 to reflect corrections to the serial numbers of the Tabtronic T8C Lucky 7 Dispensing Machines currently in the state. On a motion by Commissioner Urban, seconded by Commissioner Presby and unanimously voted to amend the minutes of August 24, 2010 to reflect the correct serial numbers of these machines. (Remove serial # 42445; insert serial #42517 and add three numbers not included in the original count: serial # 42767, 42944 and 42947)

On a motion by Commissioner Presby, seconded by Commissioner Leary and unanimously voted to renew the racetrack licenses for Yankee Greyhound Racing/Seabrook Park and Rockingham Venture, Inc./Rockingham Park for calendar year 2011.

On a motion by Commissioner Presby, seconded by Commissioner Leary and unanimously voted to table the Lodge at Belmont's request for license renewal until the next meeting when a track representative could attend.

Action Items:

a. *Technology Exclusive manufacturer's application status*: Director Kelley stated the application on file meets all criteria after being amended to remove any references to electronic tickets. On a motion by Commissioner Presby, seconded by Commissioner Gatsas and unanimously voted to remand back to staff for licensing.

b. *Instant/Historical Racing*: Request withdrawn by the Lodge at Belmont.

c. *Lottery-Scratch and Win promotion*: A motion by Commissioner Urban and seconded by Commissioner Streeter was made to approve the request from the Lodge at Belmont. The motion failed.

Correspondence was reviewed. Since no representatives were in attendance from the Lodge at Belmont, the Commission is requesting a representative from the Lodge attend the December 17<sup>th</sup> meeting to discuss the letter received from Heartland Jockey Club requesting monies owed them by the Lodge. Mr. Charles Ruma, President of Heartland Jockey Club, indicated a possible termination of simulcast signals to any and/or all NH facilities should this balance remain unpaid. In the meantime, Director Kelley will work with the Lodge to resolve the issue. On a motion by Commissioner Urban, seconded by Commissioner Streeter and unanimously voted to accept and place all correspondence on file.

RCGC monthly activities for Sept/Oct 2010:

General:

- Drafted and forwarded letter (certified) to licensee for non-payment of fine. Check received subsequently and processed.

- Continued research/dialogue with interested parties regarding Electronic Pull Tab Dispensing Machine. White paper presented to Commission.
- Reviewed proposal from Arrow International, Inc. and request to include Lucky 7 dispensing machine informational materials in Commission agenda.
- Responded to various NH Right-to-Know Law requests.
- Processed Surety Bond, Game Operator Employer Application for Eastern Poker, LLC to conduct EPT within the guidelines of Commission Ruling.
- Reviewed current surety bond for licensees. Met with representative regarding issuance of manufacturer license.
- Presented Draft IP on required "Financial Statements" (Pari 1213) for game operator employers to RCGC at Commission Meeting. Finalized IP for Pari 1212 and request to RCGC for public hearing. Continuation of JLCAR process for PARI 1210.01.
- Reviewed appeal requests from licensees for license/application denials. Prepared materials for hearing and synopsis for Commission.
- Receipt and review of Pari proposals/amendments for Bingo Mundo.
- Closed NEAAU matter. Distributed COCA funds with arrangement of final game. Referred case to AG's office.
- Review of SB 367 and application to current statute.
- Reviewed and investigated licensee W2-G issue for referral to AG's office.

#### Administrative Staff Meetings/Training/Site Visits:

- Attended Gaming Regulatory Oversight Authority meetings.
- Attended monthly fleet management work group meeting.
- Met with Governor's Budget Director to brief him on agency functions and budget matters.
- Met with Governor's Budget Director and Legal Counsel to brief them on Lucky 7 dispensing machine proposals before the Commission.
- Seminar - NH Commission for Human Rights - Enforcing the Anti-Discrimination Laws in NH - Sponsored by the NH AG's Office.
- Seminar – Collective Bargaining Basics for Administrators, Directors and HR Personnel – Sponsored by the State Division of Personnel.
- Site visits with Governor's Budget Director to Seabrook Greyhound Park, Rockingham Park, Granite State Poker and Community Bingo Center.
- Met with legal counsel for House Speaker regarding Lucky 7 dispensing machines.
- Met with representatives for International Gamco regarding Lucky 7 dispensing machine proposal.
- Met with game operator representatives regarding "netting" of losses from games of chance house backed games against raked and tournament games.

#### Licensing/ Enforcement:

- Issued (363) new and renewal licenses including (59) games of chance, (272) Bingo/ Lucky 7 and (32) game operators.
- Processed (450) financial reports for Bingo/Lucky 7 and Games of Chance.
- Processed (409) affidavits.
- Identified and documented inventory of Lucky 7 machines with licensees.
- Addressed various non-compliance and licensing issues with licensees.
- Addressed enforcement field work and scheduling matters.

#### Accounting/Finance/Administrative:

- Processing AP invoices & CR revenue transactions in databases & Lawson.
- Payroll processing (bi-weekly).
- Commission meeting agenda & minutes.
- Monthly revenue transfers to Education Trust Fund (\$215,000) & General Fund (\$193,000).
- Month-end reconciliations (databases vs. Lawson) – Paristat, Bingo/L7, GOC.
- Racetrack employee licensing (1 license processed in Sept).
- Human Resource assistance as necessary (including attendance at monthly meetings).
- Mail, phones, customer service, filing, scanning, order office supplies, bank deposits.
- Weekly visits to racetracks.
- Monthly reconciliations of GOC data entry.
- FY10 –Annual Report preparation for Governor and Council approval.
- Continued FY12/13 Budget work.
- Arranged Flu Shot Clinic for agency employees, as well as other agencies in our building.
- Surplused one vehicle to reduce fleet to six.
- Human Resource assistance as necessary (including attendance at monthly meetings).

#### Audit:

- Reviewed and submitted the monthly Pari-Pool information.
- Reviewed July/August Financial Reports of the Lodge at Belmont.
- Began and completed comprehensive analysis of the financial statements of tracks in anticipation of 2011 licensing.
- Continued work on comparing locations of Lucky 7 vending machines.
- Resolved issues surrounding the revocation of NEAAU Licenses, distribution of carryover coverall, and preparing a report.
- Revised Bingo Audit interview questions.
- Worked on rules regarding ‘bingo equipment’
- Continued completing work papers and audit report for Concord Bingo Too audit.
- Reviewed new proposals for “netting” of house winnings.
- Worked on updating new “Monthly Financial Reports”
- Scheduled first complete bingo audit with On the Road to Recovery, treasurer notified, request for documents sent, awaiting agreement on audit visit dates.
- Site visit to Funspot Bingo to review operations, with particular attention to their use of “bingo brains”.
- Conducted further research on “back end” controls necessary for implementation of electronic pull-tab machines.
- Assisted Enforcement in investigations of potential tax withholding issue.
- Worked with the Legal Coordinator to reach agreements on Seacoast Poker audit findings.
- Updated reconciliations of Lawson to GOC data base.
- Commenced comprehensive “risk assessment” of our internal procedures.

#### Old Business:

It was noted that an update on the Eastern Poker Tournament taking place at the Lodge at Belmont is overdue. Director Kelley will ask Mr. Newman to provide an update at the next meeting.

New Business:

None

At 12:40 p.m., on a motion by Commissioner Streeter, seconded by Commissioner Urban and by a unanimous roll call vote the Commission voted to adjourn the regular meeting, and go into nonpublic session.

Connors	-	Yes
Leary	-	Yes
Gatsas	-	Yes
Presby	-	Yes
Streeter	-	Yes
Urban	-	Yes

At 1:00 p.m., on a motion by Commissioner Leary, seconded by Commissioner Urban and by a unanimous roll call vote the Commission voted to come out of the nonpublic session, permanently seal the nonpublic minutes and move on to a discussion and final decisions for the hearings held at 11:00 a.m.

Connors	-	Yes
Leary	-	Yes
Gatsas	-	Yes
Presby	-	Yes
Streeter	-	Yes
Urban	-	Yes

The next meeting is scheduled for Friday, December 17, 2010 at 10:00 a.m. in Concord. The Chairman closed the public meeting at 1:15 p.m. .

Respectfully Submitted,

Warren W. Leary, Jr.  
Secretary